

CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

March 2007

JUNE TRAINING SCHOOL

This year's June Training School will be held in Fort Wayne as part of the Indiana League of Municipal Clerks and Treasurers' Annual Conference during the week of June 11, 2007 through June 15, 2007.

The Conference and School will be held at the Grand Wayne Center which is located at 120 West Jefferson Boulevard in downtown Fort Wayne. Hotel accommodations should be made at the Downtown Hilton Hotel.

The State Board of Accounts will be conducting three (3) days of training (June 12, 13, and 14) at the Conference which will be State-called meeting days.

Please mark these dates on your calendar. An explanatory letter along with a tentative agenda will be mailed prior to the meeting.

STATE AND FEDERAL MILEAGE RATES

The current mileage rate paid to State Employees in travel status is 40 cents (\$.40) per mile

The current Federal mileage rate is 48 and ½ cents (\$.485) per mile.

TRAVELING EXPENSES – PARKING AND TOLL FEES

There is no statute limiting city and town employees to the sum per mile paid to state officers and employees. City and town councils have the authority to set the sum per mile which officials and employees of the unit are to receive. Councils also have the authority to determine whether parking and toll fees shall be included in the mileage rate or whether officials and employees are to be reimbursed for toll charges and parking fees in addition to their mileage. In an audit, the State Board of Accounts will not take audit exception to payments for mileage, toll charges, and parking fees as long as they are made pursuant to an existing travel reimbursement ordinance enacted by the unit's legislative body.

REIMBURSEMENT OF TRAVEL EXPENSE FOR SPOUSE

State statutes authorize reimbursement of business travel expenses when a municipal official or employee is in travel status on behalf of the municipality. The authorization includes mileage reimbursement for use of a personal automobile when used for municipal purposes.

REIMBURSEMENT OF TRAVEL EXPENSE FOR SPOUSE – (Continued)

There are only a few instances wherein State statutes provide for travel expense reimbursements by a government unit for individuals other than officials or employees of the governmental unit. Almost all such statutes are related to reimbursing travel costs for interviewing of a prospective employee of a governmental unit. We know of no such permissive statutes for a municipality.

Under Home Rule, there could be instances wherein spouses' travel expenses have been reimbursed from a "promotion of business" appropriation. This would be proper only if the enabling Home Rule ordinance makes such provision.

In the absence of statutory authority or a "Home Rule" authorizing ordinance, an audit exception would be taken when expenses for spouses' travel costs are paid from public funds. (Of course this assumes the spouse is not also an official or employee of the governmental unit.)

STATE DISTRIBUTIONS

The following is a listing of the state distributions which most cities and towns receive along with the applicable state account number, account name, frequency of distribution, and city and town fund to which the distribution should be receipted:

<u>State Account Number</u>	<u>Account Name</u>	<u>Distribution</u>	<u>City or Town Fund</u>
3010/579800/105200	Motor Vehicle Highway	Monthly	Motor Vehicle Highway
6250/579800/130000	Local Road and Street	Monthly	Local Road and Street
6000/579800/185500	ATC Excise (Permit Fees)	Semiannual	General
1000/579800/109120	ATC Gallonage	Quarterly	General
3160/579800/192000	Cigarette Tax-General	Semiannual	General
3160/579800/192200	Cigarette Tax – CCI	Semiannual	Cumulative Capital Improvement
3940/579800/192500	Accelerated MVH #1	Monthly (1)	Motor Vehicle Highway
3940/579800/192600	Accelerated MVH #2	Monthly (1)	Motor Vehicle Highway

(1) These distributions will be received in August, September, October and November or until the State has accumulated \$25,000,000.

Any questions should be directed to the Settlement Deputy of the Auditor of State's office at (317) 232-3309.

ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR CITIES AND TOWNS

The 2006 revised edition of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns is now available on our website at www.in.gov/sboa.

If your city or town prefers to be sent a hard copy of the manual, please call (317) 232-2521 and one will be mailed to you.

UNIFORM SYSTEM OF ACCOUNTS FOR UTILITIES

Water, Wastewater, Electric and Gas Utilities

Municipally owned water, wastewater (sewage), electric and gas utilities are required to use the systems of accounts published by the National Association of Regulatory Utility Commissioners.

Water and wastewater (sewage) utilities are divided into three classes, A, B and C.

Electric and gas utilities are divided into four classes, A, B, C and D.

In accordance with the instructions found in the Uniform Systems of Accounts, the class to which any utility belongs shall originally be determined by the average of its annual operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit of the annual operating revenues of the classification previously applicable to the utility.

The Uniform System of Accounts pertaining to any particular type or class of utility may be obtained by writing to:

National Association of Regulatory
Utility Commissioners
1101 Vermont Avenue N.W.
Suite 200
Washington, D.C. 20005 USA
(202) 898-2213
www.naruc.org

The accounting manuals classify utilities according to their annual operating revenues as follows. For your information, the prices of the manuals are also listed.

<u>Water Utilities</u>	<u>Manual Cost</u>
Class A - \$1,000,000 or More	\$30.00
Class B - \$ 200,000 or More But Less Than \$1,000,000	\$24.00
Class C – Less than \$200,000	\$18.00
 <u>Wastewater (Sewage) Utilities</u>	
Class A - \$1,000,000 or More	\$31.20
Class B - \$ 200,000 or More But Less Than \$1,000,000	\$25.20
Class C – Less Than \$ 200,000	\$19.20
 <u>Electric and Gas Utilities</u>	
Class A and B - \$1,000,000 or More	\$12.00
Class C and D – Less Than \$1,000,000	\$12.00

PAYMENTS TO BANKS OF COMPENSATION DUE EMPLOYEES

Pursuant to IC 5-10-9, an employee of a municipal corporation may make a written request that any compensation due the employee from the municipal corporation be deposited to his/her account in a bank or trust company.

The statute further provides the fiscal officer on receipt of request may: (1) draw a check in favor of the bank or trust company set forth in the request for the credit of the employee; or (2) in the event more than one employee of the same municipal corporation designates the same bank or trust company, draw a single check in favor of the bank or trust company for the total amount due the employees. The fiscal officer shall prepare a single check in favor of the bank or trust company for the total amount due the employees and transmit the check to the bank or trust company identifying each employee and the amount to be deposited in each employee's account.

It appears if an employee wishes the municipal fiscal officer to transmit his/her compensation to a bank, a written request must be furnished to the fiscal officer. The written request should clearly indicate the bank or trust company and the period of time to be covered.

SPECIAL FUEL TAXES

Please note the Indiana Department of Revenue's latest guidelines are contained in the Fuel Tax Handbook. The guidelines concern the taxation, licensing, and reporting on special fuels.

Inquiries may be directed to the Department of Revenue, Special Tax Division, at (317) 615-2630 or at www.in.gov/dor.

Questions pertaining to Federal requirements should be directed to the Internal Revenue Service at 1-800-829-1040 or 1-866-699-4096.

Please contact these agencies for any applicable questions if your city or town uses special fuels.

SUPPLEMENTAL DISTRIBUTIONS OF CAGIT, COIT, AND CEDIT

Supplemental distributions of CAGIT money shall be deposited in accordance with IC 6-3.5-1.1-21.1 which states that the civil taxing unit receiving the money shall deposit the money in the civil taxing unit's rainy day fund.

Supplemental distributions of COIT money shall be deposited in accordance with IC 6-3.5-6-17.3 which states that a supplemental distribution shall be made in January of the ensuing year and allocated in the same manner as certified distributions for deposit in civil unit's rainy day fund.

Supplemental distributions of CEDIT money shall be deposited in accordance with IC 6-3.5-7-17.3 which states that a supplemental distribution shall be made in January of an ensuing year and allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund.

COMPENSATORY TIME OFF

The following article was contributed by the Indianapolis Office of the Wage and Hour Division of the Department of Labor. It is offered in the explanation of regulations concerning compensatory time off for those employees classified as “non-exempt” by the Fair Labor Standards Act (FLSA). FLSA exempts a variety of types of positions including, but not limited to: executive, administrative, professional, seasonal, certain law enforcement and certain firefighting positions. Specific questions regarding applicability of FLSA should be directed to the Department of Labor.

Use of Compensatory Time Off Under the Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) is a federal law that sets standards for minimum wage, overtime, and child labor. Under Sec. 7(o), public sector employers may provide compensatory time off in lieu of monetary overtime compensation. The compensatory time off must be at the rate of not less than 1 and ½ hours for each overtime hour worked.

As a condition for use of compensatory time off in lieu of overtime payment in cash, an agreement of understanding must be reached prior to performance of the work. Such an agreement may involve a collective bargaining agreement, a memorandum of understanding, or any other type of agreement between the public agency and the employees' representative. (If the employees do not have a representative, then the agreement must be between the public agency and the individual employee.) The agreement may contain provisions that address the preservation, use or cashing out of compensatory time, as long as they are consistent with Sec. 7(o).

As an example, if an agreement specifically provides that an employee must use accrued compensatory time prior to the use of vacation leave, then this policy would be within the FLSA, assuming that employees have knowingly and voluntarily agreed to such a provision freely and without coercion or pressure. On the other hand, if the compensatory agreement did not specifically address that issue, then the employer could not require an employee take their accrued compensatory time prior to vacation leave.

Here's a different type of example: An agreement states that requests for compensatory time off have to be submitted with adequate advance notice and that management will approve them based on scheduling needs, allowing only one employee off per shift. Sec. 7(o)(5) of FLSA says that requests for use of compensatory time off will be permitted within a "reasonable period", if such use does not "unduly disrupt" the operations of the agency. In this example, the agreement would be inconsistent with the FLSA since it would allow for the denial of a request for reasons other than unduly disrupting the operations of the agency.

Remember, there are ceilings on how much FLSA compensatory time off an employee may accumulate:

480 hours of compensatory time off (representing 320 overtime hours worked) for employees engaged in public safety, emergency response, or seasonal activity.

240 hours of compensatory time off (representing 160 overtime hours worked) for all other employees.

When employees reach these ceilings, any additional overtime that is worked must be paid. FLSA compensatory time off stays on the books until the employee uses the time or until it is paid out. Employees cannot "use or lose" compensatory time off.

For answers to other questions on the Fair Labor Standards Act or the Family and Medical Leave Act, contact your nearest U.S. Department of Labor, Wage and Hour office: Indianapolis: 317-226-6801; South Bend: 219-236-8331.